

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS OCTOBER 31, 2005

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS

October 31, 2005

Balance Sheet:

Investments: US Government Securities — increased by \$126.9 million due primarily to the collection of one percent deposit adjustments due from credit unions on October 18.

Other Receivables: Due from Credit Unions — Credit unions with assets of \$50 million or greater that increased in insured shares from January 1, 2005 thru June 30, 2005, were invoiced \$150 million in capitalization deposit adjustments on September 12, 2005. The \$8.7 million represents the remaining outstanding balance that was due on October 18, 2005.

Other Receivables: Loans Due to NCUSIF — is \$0.0 due to a GAAP required loan receivable/payable monthly consolidation between the Share Insurance Fund and AMAC. The pre-consolidated amount for October is \$5.8 million.

Other Receivables: Recoveries from Liq. CU — decreased to \$16.5 million due primarily to an allowance for loss set up for a failed credit union and the reclassification of a receivable established by AMAC from the liquidation of a credit union.

Interest Receivable — net increase of \$9.5 million is due to a combination of \$14.2 million in accrued interest earned in October, \$3.7 million due to the purchase of three Treasury notes and payments of \$8.4 million received by the NCUSIF in October.

Prepaid & Deferred Charges — is \$1.9 million for October. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. October's actual operating costs were \$5.1 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Provision for Credit Union Losses (Reserves) — of \$70.0 million includes additional reserves of \$0.7 million added for October and net charges of \$8.2 million due to the failure of several credit unions.

NCUSIF Equity — increased to 1.29% for October. The equity ratio is based upon an insured share base of \$513.5 billion for June 30, 2005.

Statement of Revenue and Expense:

Investment Income — is approximately \$1.2 million more than the previous month due to one more day of interest earned in October and rising interest rates.

NCUSIF Total Operating Expense — of \$5.3 million includes \$171.4 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$0.7 million for October. This increase is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
OCTOBER 31, 2005

ASSETS	OCTOBER 2004	SEPTEMBER 2005	OCTOBER 2005
Investments:			
U.S. Government Securities	\$6,286,635,874.08	\$6,452,880,356.44	\$6,579,783,391.10
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	32,427,324.86	135,212,398.11	8,660,049.67
Loans due to NCUSIF	4,495,917.94	0.00	0.00
Recoveries from Liq. CU	18,102,356.10	25,904,946.60	16,484,855.03
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Total Other Receivables	55,025,598.90	161,117,344.71	25,144,904.70
Cash	294,909.14	1,938,813.89	5,485.63
Interest Receivable	70,390,742.37	39,642,913.64	49,145,615.61
Prepaid & Deferred Charges	1,119,781.85	0.00	1,876,328.32
Leased Assets	586,068.28	206,399.55	171,953.90
Other	25,368,568.47	24,122,684.63	24,010,939.84
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TOTAL ASSETS	\$6,439,421,543.09	\$6,679,908,512.86	\$6,680,138,619.10
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$13,322,482.73	\$10,857,272.92	\$10,315,700.92
Other	0.00	2,333,408.48	104,184.86
Check Clearing Accounts	9,786.56	15,190.54	16,019.19
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	13,332,269.29	13,205,871.94	10,435,904.97
Provision for CU Losses (Reserves)	88,750,924.52	77,543,734.49	69,984,645.12
Lease Liabilities	523,196.77	211,268.63	105,557.72
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TOTAL LIABILITIES	\$102,606,390.58	\$90,960,875.06	\$80,526,107.81 1/
EQUITY			
CU Contributed Capital	\$4,943,008,364.76	\$5,129,230,651.04	\$5,129,090,123.78
Retained Earnings	1,393,806,787.75	1,459,716,986.76	1,470,522,387.51
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TOTAL EQUITY	\$6,336,815,152.51	\$6,588,947,637.80	\$6,599,612,511.29
TOTAL LIABILITIES & EQUITY	\$6,439,421,543.09	\$6,679,908,512.86	\$6,680,138,619.10
	=====	=====	=====

COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending October 31, 2005

		OCT 04	SEP 05	OCT 05
1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, and \$2.5 million in outstanding line of credit guarantees.	1.Investments/Total Assets	97.63%	96.60%	98.42%
	2.Total Equity/Insured Shares	1.28%	1.28%	1.29%
	3. Prov. for Losses/CU Capital	1.80%	1.51%	1.36%
	4. Non-Earning/Total Assets	1.98%	3.04%	1.22%
	5. Available Asset Ratio	1.24%	1.23%	1.25%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING OCTOBER 31, 2005

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2005	CY TO DATE BUDGETED 2005	CY TO DATE 2004
Investment Income	\$16,706,521.64	\$15,700,000.00	\$138,866,628.12	\$131,800,000.00	\$103,280,858.95
Other Income	58,970.18	44,000.00	527,885.09	\$440,000.00	431,617.40
Total Income	16,765,491.82	15,744,000.00	139,394,513.21	132,240,000.00	103,712,476.35
EXPENSE					
Employee Pay	\$3,778,369.02	4,116,711.73	\$39,562,072.27	42,321,820.94	40,640,919.50
Employee Benefits	\$751,772.84	1,064,771.14	\$10,121,603.45	10,937,321.50	10,176,375.68
Employee Travel	\$105,610.21	608,897.60	\$5,326,802.37	6,088,976.01	5,387,230.62
Rent/Communications/Utilities	\$93,072.07	186,679.74	\$1,777,967.46	1,866,797.44	2,139,373.84
Administrative Costs	\$236,212.37	498,672.47	\$5,708,846.95	4,986,724.66	4,625,833.57
Contracted Services	\$158,635.17	393,604.84	\$2,611,717.56	3,936,048.44	2,554,076.96
Subtotal NCUA Operating Exp.	5,123,671.68	6,869,337.53	65,109,010.06	70,137,689.00	65,523,810.17
AMAC Expense	8.10	1,589.33	326.11	15,893.30	30,839.45
Training Expense	130,147.32	90,000.00	892,420.51	900,000.00	760,296.28
Leasing Expense	34,608.27	35,000.00	347,843.33	350,000.00	354,764.28
Other Insurance Expense	6,655.70	3,500.00	39,570.75	35,000.00	29,997.83
Total Operating Exp.	5,295,091.07	6,999,426.86	66,389,170.76	71,438,582.30	66,699,708.01
Insurance Loss	665,000.00	1,500,000.00	18,647,212.49	15,000,000.00	12,000,134.22
Total Expense	5,960,091.07	8,499,426.86	85,036,383.25	86,438,582.30	78,699,842.23
NET INCOME	\$10,805,400.75	\$7,244,573.14	\$54,358,129.96	\$45,801,417.70	\$25,012,634.12
Retained Earnings, Beginning of Year			\$1,416,164,257.55		\$1,368,794,153.63
Prior Year Adjustment			0.00		0.00
As Restated			1,416,164,257.55		1,368,794,153.63
Net Income			54,358,129.96		25,012,634.12
Dividends			1,470,522,387.51		1,393,806,787.75
			0.00		0.00
Retained Earnings, Year To Date			\$1,470,522,387.51		\$1,393,806,787.75

Comparative Analysis of NCUSIF Ratios for October 31, 2005

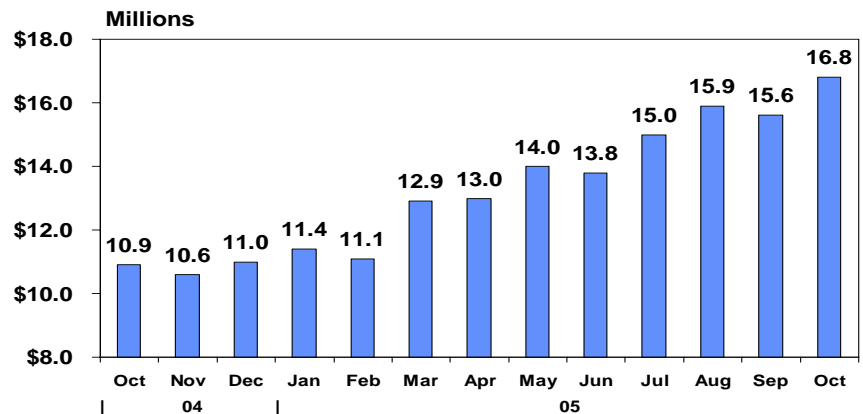
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	60.70%	31.58%	64.31%	47.63%
2. Ins. Loss/Total Income	58.06%	3.97%	11.57%	13.38%
3. Total Exp./Total Income	118.77%	35.55%	75.88%	61.00%
4. Net Income/Total Income	-18.77%	64.45%	24.12%	39.00%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
October 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$127,966,980.35
Other income received	527,885.09
Cash paid for operating expenses	(69,098,251.33)
Net cash (paid) received for insurance losses	<u>(16,928,657.86)</u>
Net cash provided by operating activities	42,467,956.25
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(222,446,445.61)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,133,939.05</u>
Net cash provided by (used in) investing activities	(221,312,506.56)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	178,844,632.93
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	178,844,632.93
NET INCREASE (DECREASE) IN CASH	82.62
CASH, BEGINNING OF YEAR	5,403.01
CASH, ENDING OCTOBER 31 2005	<u><u>\$5,485.63</u></u>

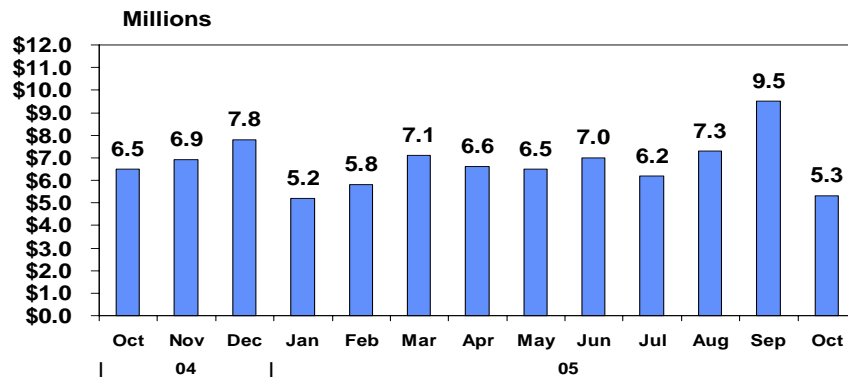
GROSS INCOME

October 04 – October 05



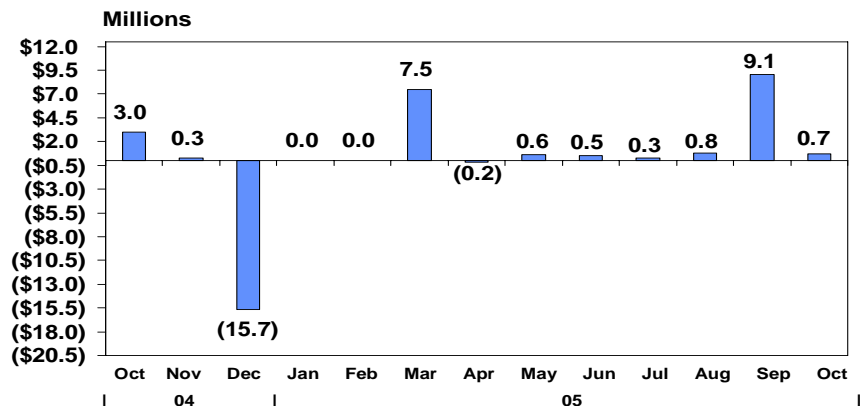
OPERATING EXPENSE

October 04 – October 05



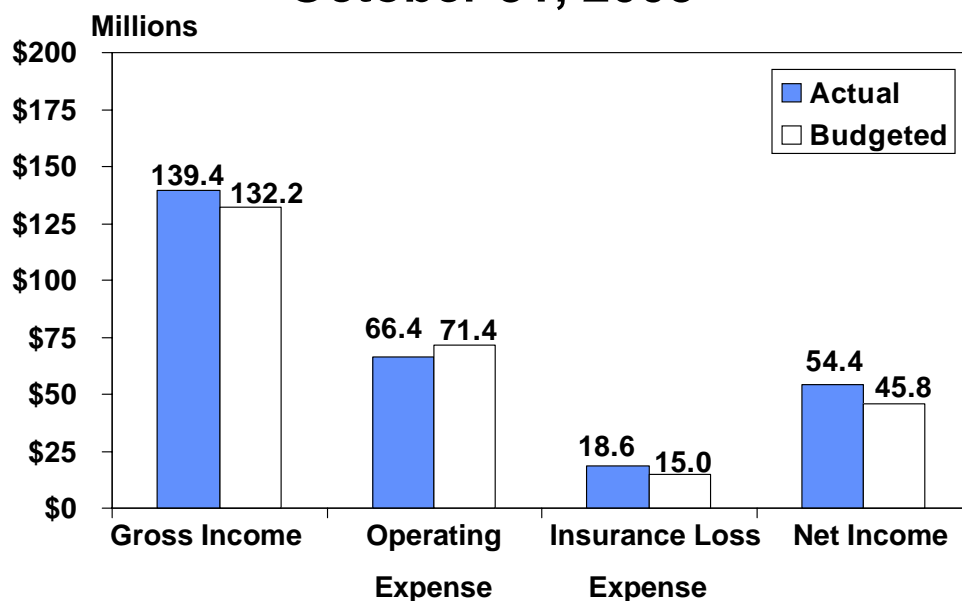
INSURANCE LOSS EXPENSE

October 04 – October 05



REVENUE AND EXPENSE

October 31, 2005



NCUSIF EQUITY RATIO

OCTOBER 31, 2005

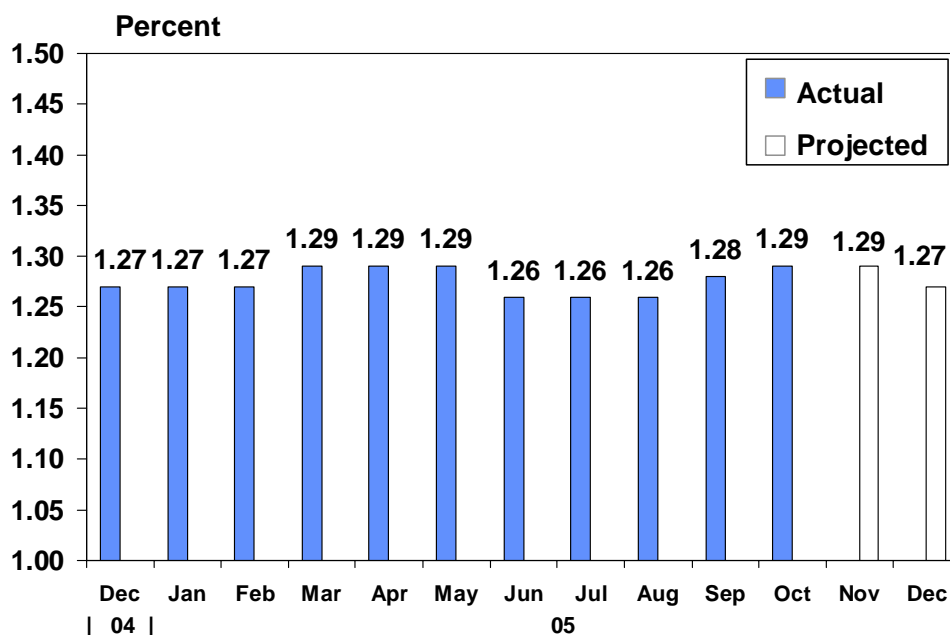


TABLE 4

INVESTMENT PORTFOLIO SUMMARYOctober 31, 2005

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,566,800,000	\$1,566,800,000	\$0	100.0%	3.74%
U.S. Treasury Notes	\$5,012,983,391	\$4,945,578,125	(\$67,405,266)	98.7%	2.90%
TOTAL	\$6,579,783,391	\$6,512,378,125	(\$67,405,266)	99.0%	3.12%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY05 Revised Projections	
Investment Yield	2.89%	2.95%	2.55%	2.75%	
Investment Income	\$15,535,257	\$16,706,522	\$138,866,628	163 Million	
Income Budgeted	\$15,700,000	\$15,700,000	\$131,800,000	163 Million	
Income/Budgeted Ratio	99.0%	106.4%	105.4%	100.00%	
Weighted Avg. Maturity in Days	341	428			
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
10/25/2005	T-Note	250,000,000	11/15/2007	4.27%	
10/25/2005	T-Note	200,000,000	10/15/2008	4.32%	
10/25/2005	T-Note	200,000,000	10/15/2010	4.32%	
TOTAL		\$650,000,000			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	1,966.8				
3 months - 1 year	1,700.0				
1 year - 2 years	1,450.0				
2 years - 3 years	1,050.0				
3 years - 4 years	0.0				
4 years - 5 years	400.0				
TOTAL	\$6,566.8				

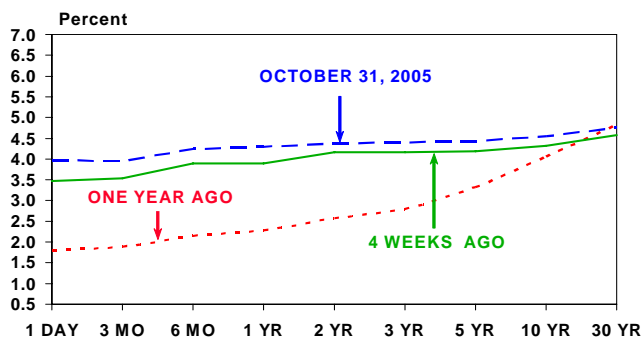
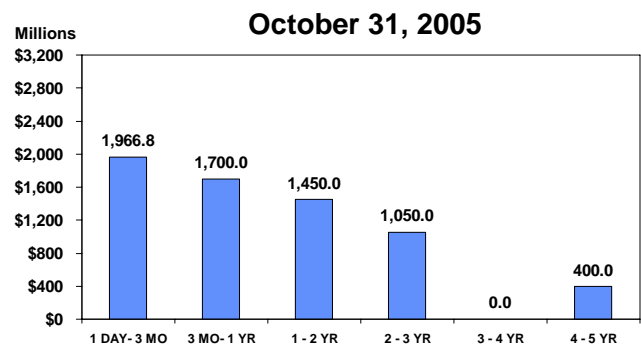
TREASURY YIELD CURVE**MATURITY SCHEDULE**

TABLE 5

MONTHLY YIELD COMPARISONS**October 31, 2005**

YIELD COMPARISONS								
	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05
NCUSIF Yield	2.36%	2.43%	2.52%	2.56%	2.69%	2.84%	2.89%	2.95%
90 day T-Bill	2.78%	2.89%	2.97%	3.12%	3.39%	3.51%	3.53%	3.95%
1 year T-Bill	3.34%	3.33%	3.28%	3.45%	3.78%	3.76%	3.98%	4.28%
2 year T-Note	3.78%	3.65%	3.55%	3.67%	4.02%	3.84%	4.16%	4.39%
30 year T-Note	4.75%	4.51%	4.31%	4.21%	4.49%	4.28%	4.57%	4.74%

YIELD COMPARISONS

October 31, 2005

